

REMARKS

Claims 1-9 remaining pending in this application. Reconsideration is requested.

In response to the rejection of claims 1-9 under the second paragraph of 35 U.S.C. § 112, the claims have been amended in light of the Examiner's comments, to eliminate any issue of indefiniteness that may have existed. Withdrawal of this ground of rejection is requested.

The rejection of claims 1, 4 and 7 under 35 U.S.C. § 102(e) as being anticipated by O'Shaughnessy, U.S. Patent No. 5,978,778, the rejection of claims 2, 5 and 8 under 35 U.S.C. § 103 as being unpatentable over O'Shaughnessy, and the rejection of claims 3, 6 and 9 under § 103 as being unpatentable over O'Shaughnessy in view of Bloom et al., U.S. Patent No. 6,061,663, are respectfully traversed.

The present invention as claimed is directed to a method and apparatus for creating a portfolio of equity stocks, based on market capitalization and sales, from a predetermined broad based stock index, such as the NASDAQ-100 index. First, the composition of the index is determined by accessing a database. Next, data pertaining to market capitalization and sales of the stocks in the index list are retrieved. The stocks are sorted by market capitalization, and the market capitalization of the twentieth stock is selected as a cut-off value below which stocks will be rejected for inclusion in the portfolio. The stocks in the index list are then sorted by sales, and each stock from the top of the list is compared with the market capitalization cut-off value to determine whether the stock is acceptable for placement into the portfolio, up to a maximum number of stocks, such as 10 in the disclosed embodiment.

In contrast, O'Shaughnessy discloses a method for carrying a computerized selection of stocks wherein stocks are selected from a stock database by screening stocks for market capitalization, then for stocks having a higher number of outstanding shares than the average in the database, then for stocks having sales of 1.5 times the mean sales in the database, and then for stocks not in the utilities sector. See col. 13, l. 55 - col. 14, l. 67. The remaining stocks are sorted by dividend yield and the results displayed to a user to select stocks to purchase. O'Shaughnessy simply fails to disclose or anywhere suggest a method or system as set forth in claims 1-9 of the present application.

First, it is noted that the stock database of O'Shaughnessy is not a stock index as set forth in the claims of the application. The stock database is simply a database of active stocks, such as Value Line, S&P Compustat, or AAll Stockpac. The database of O'Shaughnessy is similar to the database of the present invention, which is accessed to determine the composition of a stock index, and for each stock in the index, to retrieve data relevant to the stock.

The S&P Compustat Database used by O'Shaughnessy, which is a stock database containing data pertaining to all currently existing stocks, is not a broad based stock index as disclosed and claimed in the application. O'Shaughnessy discloses at col. 13, ll. 55-60 that the stock database may be any commonly used database, such as Morningstar or the S&P Compustat Database. These databases are databases of all stocks in existence, and in no way can be characterized as broad based stock indexes, as disclosed and claimed in the present application.

Second, O'Shaughnessy fails to disclose the steps of sorting the index list by market capitalization, selecting the lowest market capitalization among a predetermined number of stocks in the sorted list as a predetermined value below which a stock will be rejected for inclusion in the portfolio, and then sorting the list by sales and comparing each successive stock having the highest sales in the list with the predetermined value to determine stocks that are acceptable for inclusion in the portfolio, up to a maximum number of stocks. Instead, O'Shaughnessy discloses that a list is created by screening the database for stocks having a minimum market capitalization. Thus, all stocks meeting the capitalization criterion are written to a file. From that file, stocks having higher than average number of outstanding shares are selected, and written to a second file. From the second file, stocks having sales 1.5 times the means sales in the database are selected and written to a third file. From the third file, stocks are selected which are not utilities, and the selected stocks written to a fourth file. The stocks in the fourth file are then sorted according to dividend yield.

O'Shaughnessy thus fails to disclose the use of a broad based index as a starting pool of potentially acceptable stocks as claimed, but instead starts with a pool of stocks having a minimum (small) market capitalization, and fails to disclose the remaining steps of stock selection into a portfolio. Consequently, O'Shaughnessy fails to disclose

or suggest the method and system for creating a stock portfolio as disclosed and claimed in the present application.

Bloom et al. discloses a computer system and method for rebalancing a capitalization-weighted stock index to prevent significant concentration in the capitalization weight of a few highly capitalized stocks from dominating the overall performance of the index. For example, the index to which Bloom is directed may be the NASDAQ-100 Index. However, applicants do not claim to have invented the NASDAQ-100 Index. That such index is known in the art, as disclosed by Bloom, does not render use of such index in the O'Shaughnessy method obvious, nor does any combination of Bloom with O'Shaughnessy render the claimed invention obvious.

In view of the foregoing, favorable reconsideration of this application and the issuance of a Notice of Allowance are earnestly solicited.

Please charge any fee or credit any overpayment pursuant to 37 CFR 1.16 or 1.17 to Deposit Account No. 02-2135.

RESPECTFULLY SUBMITTED,					
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Attachments: Marked-Up Copies of Amendments

MARKED-UP COPY OF AMENDMENTS SHOWING CHANGES MADE

1. (amended) A computer-implemented method for creating a portfolio of equity stocks, comprising the steps of:

determining the composition of a predetermined broad based stock index by accessing a database and creating a list of the stocks making up said index;

obtaining from said database for each stock in said index, data relating to at least market capitalization and sales of the company issuing the stock;

[creating an acceptable stock] sorting said index list by [at least eliminating from said index list stocks having a] market capitalization and setting the lowest market capitalization [below] among a predetermined number of stocks in said sorted index list as a predetermined value; and

sorting [the acceptable] said index list [of stocks] by sales and placing into said portfolio, until a predetermined number of stocks are reached, a stock having the highest sales of said [remaining] sales-sorted list and having a market capitalization not less than said predetermined value.

2. (amended) The computer-implemented method of claim 1, wherein said predetermined value of said market capitalization is [said] the top twenty percent of said broad based stock index.

4. (amended) A computer-implemented system for creating a portfolio of equity stocks, comprising:

a database containing information pertaining to individual stocks, and information pertaining to the identity of stocks making up a [plurality of] known stock index[es];

means for determining the composition of a predetermined broad based stock index by accessing said database and creating a list of the stocks making up said index;

means for obtaining from said database for each stock in said index, data relating to at least market capitalization and sales of the company issuing the stock;

means for [creating an acceptable stock] sorting said index list by [at least eliminating from said index list stocks having a] market capitalization and setting the lowest market capitalization [below] among a predetermined number of stocks in said sorted index list as a predetermined value; and

means for sorting [the acceptable] said index list [of stocks] by sales and placing into said portfolio, until a predetermined number of stocks are reached, a stock having the highest sales of said [remaining] sales-sorted list and having a market capitalization not less than said predetermined value.

5. The computer-implemented system of claim 4, wherein said predetermined value of said market capitalization is [said] the top twenty percent of said broad based stock index.

7. (amended) A computer program product having computer-readable code stored on a computer-readable storage medium, said computer readable code comprising:

means for determining the composition of a predetermined broad based stock index by accessing a database and creating in a computer in which said code is programmed a list of the stocks making up said index;

means for obtaining from said database for each stock in said index, data relating to at least market capitalization and sales of the company issuing the stock;

means for [creating an acceptable stock] sorting said index list by [at least eliminating from said index list stocks having a] market capitalization and setting the lowest market capitalization [below] among a predetermined number of stocks in said sorted index list as a predetermined value; and

means for sorting [the acceptable] said index list [of stocks] by sales and placing into said portfolio, until a predetermined number of stocks are reached, a stock having the highest sales of said [remaining] sales-sorted list and having a market capitalization not less than said predetermined value.

8. The computer program product of claim 7, wherein said predetermined value of said market capitalization is [said] the top twenty percent of said broad based stock index.